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ALEXANDER L. STEVAS,
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IN THE
SUPREME COURT OF THE UNITED STATES
OCTOBER TERM, 1982

ASHLAND OIL, INC.,

Petitioner,

v.

DELTA OIL PRODUCTS CORPORATION,

Respondent,

PETITIONER'S REPLY BRIEF IN SUPPORT
OF ITS PETITION FOR WRIT OF CERTIORARI

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**PETITIONER'S REPLY BRIEF IN SUPPORT
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Pursuant to Supreme Court Rule 22.5, Petitioner Ashland replies to the new arguments raised by Respondent Delta as follows.

ARGUMENT

- I. A Conflict Does Exist Between Decisions Of The Second, Sixth And Federal Circuits And Decisions Of the Seventh And Ninth Circuits That Will Not Be Resolved By The Decision Of The New Federal Court**

Petitioner predicted in its main brief that the new Federal Circuit Court would follow the decisions of the

Second Circuit¹, Sixth Circuit² and C.C.P.A.³ and hold that secondary considerations are never to be excluded from the obviousness determination. The new Federal Circuit Court just did that in *In re Howard Sernaker*, Appeal No. 82-579 (Feb. 28, 1983), when it held:

If however a patent applicant properly presents evidence relating to these secondary considerations, the board *must always* consider such evidence in connection with the determination of obviousness. (p. 18, emphasis added)

In its brief, Respondent cited *Stevenson v. Grentec, Inc.*, 652 F.2d 20 (9th Cir. 1981), cert. denied, — U.S. —, 102 S. Ct. 2008, 50 U.S.L.W. 3858 (1982) (No. 81-1185) which also held, as has the Seventh Circuit, that secondary consideration evidence can be excluded from the obviousness consideration. See also *Bristol Locknut Co. v. SPS Technologies, Inc.*, 677 F.2d 1277 (9th Cir. 1982).

Respondent's argument acknowledges the existence of the split but urges that because of the new Federal Court this Court should not now consider the question. The opposite is the case, now is the time to resolve the question.

In addition to the fact, not denied by Respondent, that validity questions arising out of patent license disputes, as in *Lear v. Adkins*, 395 U.S. 653, 89 S. Ct. 1902 (1969), will still be handled by the old circuit Court of Appeals, not by the new Federal Court, there exists additional

¹ *Timely Products Corp. v. Arron*, 523 F.2d 288, 294 (2nd Cir. 1975).

² *Nickola v. Peterson*, 580 F.2d 898, 911 (6th Cir.) cert. den., 440 U.S. 961 (1978).

³ *Stevenson v. International Trade Commission*, 612 F.2d 546 (C.C.P.A. 1979).

reasons why this is an especially appropriate time to resolve the issue.

Review at this time is needed so that there will be certainty and harmony at the district court level. A district court judge in the Seventh or Ninth Circuit should not be faced with one set of rules for determining validity in patent license disputes and another set for infringement suits.

This Court noted in *Graham v. John Deere*, 383 U.S. 1, 86 S. Ct. 685, 686 (1966) that Congress, through the passage of Section 103 (35 U.S.C.) had, for the first time, added to the Patent Laws a requirement of unobviousness. *Graham* made it amply clear that both the courts and the Patent Office were to "strictly adhere to the 1952 Act as interpreted here" 383 U.S. at 17.

The Patent Office will now presumably be following the decision of the new Federal Court of Appeals. The uniformity sought by Congress through the passage of Section 103 (35 U.S.C.) and through the creation of the new Federal Court⁴ will only be achieved if the new court has correctly interpreted *Graham*. As demonstrated by the conflicting opinions referred to earlier from the Seventh and Ninth Circuits reasonable minds do differ. It is ironic indeed that the rule that will now be applied by the new court is a rule which Respondent argues (pp. 6-8) is contrary to the rulings of this Court. A real problem exists since last year there were over 50,000 patents granted. A delay in deciding this important issue will be harmful to the patent system.

⁴ For a detailed discussion of the legislative history see Lever, "The New Court of Appeals for The Federal Circuit (Part I)," 64 J.P.O.S. 178 (1982).

The conflicting holdings referred to herein evidence the importance of the question. So too does a review of the number of cases discussing and referring to "secondary considerations" and the *Graham* test. A search with the Westlaw computer data base will show over 400 patent cases wherein there is a reference to "secondary considerations." Shepardizing the pertinent keynote of *Graham*, number 16, referring to secondary considerations, will show over 200 cases referencing it.

The importance to the patent system of being able to apply Section 103 is also indicated by this Court's decisions after *Graham*; *Anderson's-Black Rock, Inc. v. Pavement Salvage Co.*, 396 U.S. 57 (1969), *Sakraida v. Ag Pro, Inc.*, 425 U.S. 273 (1976); *Dann v. Johnston*, 425 U.S. 219 (1976), wherein different issues arising under Section 103 were considered. What is or is not a patentable invention is the cornerstone of the system.

This Court must provide the necessary guidance in order for the courts and the Patent Office to "strictly adhere" to the *Graham* tests so that the required certainty and stability is achieved.

II. The Decisions Of The Supreme Court Do Not Support The Holding In *Ashland* and *Republic*

Delta argues that the decisions of this Court support the holding in *Stevenson, Ashland* and *Republic*.⁵ When the relevant Supreme Court cases *after* the passage of Section 103 are correctly analyzed it is submitted that they are supportive of *Ashland's* position, not *Delta's*.

The holding in *Graham* that the so-called secondary considerations "may have relevance" was reaffirmed by the

⁵ *Republic Industries v. Schlage Lock*, 592 F.2d 963 (7th Cir. 1979)

Supreme Court after *Black Rock* in the case of *Dann v. Johnston*, 425 U.S. 219, 96 S.Ct. 1393, 1393 F.N. 4 (1976). However, the Court noted in *Johnston* that the secondary considerations did not "offer any substantial support for his (the inventor's) claims of nonobviousness."

In the companion case to *Graham*, *Calmar v. Cook*, 383 U.S. 1, 86 S. Ct. 685, 703 (1966), the Court made it clear that the word "secondary" should not limit the evidentiary value of these factors when it stated:

Cook Chemical insists, however, that the development of a workable shipper-sprayer eluded Calmar, who had long and unsuccessfully sought to solve the problem. And, further, that the long-felt need in the industry for a device such as Scroggins's together with its wide commercial success supports its patentability. These legal inferences or subtests do focus attention on economic and motivational rather than technical issues and are, therefore, more susceptible of judicial treatment than are the highly technical facts often present in patent litigation. See Judge Learned Hand in *Reiner v. I. Leon Co.*, 285 F.2d 501, 504 (2 Cir. 1960). See also Note, Subtests of "Nonobviousness": A Nontechnical Approach to Patent Validity, 112 U.Pa.L.Rev. 1169 (1964). Such inquiries may lend a helping hand to the judiciary which, as Mr. Justice Frankfurter observed, is most ill-fitted to discharge the technological duties cast upon it by patent legislation. *Marconi Wireless Telegraph Co. of America v. United States*, 320 U.S. 1, 60, 63 S.Ct. 1393, 87 L.Ed. 1731 (1943). They may also serve to "guard against slipping into use of hindsight," *Monroe Auto Equipment Co. v. Heckethorn Mfg. & Supply Co.*, 332 F.2d 406, 412 (1964), and to resist the temptation to read into the prior art the teachings of the invention in issue.

The present situation involves a refusal to consider evi-

dence not a situation where the evidence was considered and found unpersuasive. Again though, the fact that the split exists evidences the fact that reasonable minds do differ and demonstrates the need for clarification.

III. The District Court Did Exclude Evidence of Secondary Considerations

With respect to commercial success, Delta argues that the evidence of commercial success was not considered by the district court because it found that the evidence was not relevant due to the fact that only one form of the resins covered by the claims was actually commercialized by Ashland. Such a contention flies in the face of the lower court's decision, the decision of the Court of Appeals and Delta's own interpretation of that decision. Moreover, commercial success was only one of the various secondary considerations relied upon by Petitioner.⁶

Delta noted in its motion to publish the decision of the Court of Appeals that "The District Court refused to consider the evidence of commercial success of plaintiff's invention." (p. 1).⁷ What could be clearer—the district court did not consider the evidence. While it permitted its introduction into evidence it excluded it from its obviousness determination.

Delta made this same relevancy argument before the Seventh Circuit (Appellee's Brief pp. 34-36). That court had no difficulty in finding that the district court, although receiving the testimony and exhibits into evidence, had

⁶ The district court judge didn't even mention the awards, or articles, and long-felt need, etc.

⁷ "Delta's Motion To Publish Opinion Under Seventh Circuit Court of Appeals Rule 35(d) (3)."

excluded it during the application of the *Graham* Section 103 (35 U.S.C.) tests.

In the present case, the district court held that "the 'primary criteria of obviousness' warrant a finding of obviousness" and stated further that the court does "not believe this a close enough case to warrant the weighing of secondary considerations." (Memorandum Opinion at 16-17). *The district court's refusal to consider or weigh secondary considerations was therefore a proper application of our holding in Republic Industries, supra, and we find no error.* (A-05) (Emphasis Added)

IV. The Remaining Reasons Offered By Respondent Do Not Justify A Denial Of The Petition

In opposition to the Petition, Respondent refers to the findings of noninfringement as to both patents and the finding of invalidity for double patenting as to the '392 patent and argues that Question 1 presented is therefore moot.

The noninfringement findings are placed in issue by Question 2 of the Petition. Petitioner did urge to the lower courts that there was infringement based on the doctrine of equivalents. Moreover, as to the '392 patent, Delta conceded infringement as to one product and the court so found (223). That admission would also be argued by Petitioner to support a finding of infringement of some of the invalidated claims of the '579 patent if the invalidity holding as to them is reversed.

Even when a district court finds invalidity and noninfringement, the patentee's appeal is not moot where it merely appeals on the invalidity issue. *Hayes Spray Gun*

Co. v. E. C. Brown Co., 291 F.2d 319, 326 (9th Cir. 1961).

With respect to the invalidity of the '392 patent for double patenting, Petitioner submits that the obviousness question presented is not moot. Even if it were as to the '392 patent it would not be grounds for denying the petition because the same obviousness question is presented as to the '579 patent which was not invalidated for double patenting. The question as to the '392 is not moot though because here as in *Hayes*, future issues between the parties will involve the obviousness question. For example, some of the issues pertaining to Delta's counterclaim, yet to be tried, would be affected by the obviousness question. A separate suit, in another district court, is also pending on other claims of the '392 patent. Also, the double patenting conflict can be remedied by reissuance of the patent pursuant to 35 U.S.C. § 251.

CONCLUSION

Having demonstrated that there is a split in the circuits on an issue of significant public interest, it is respectfully submitted that the petition should be granted.

Respectfully submitted,

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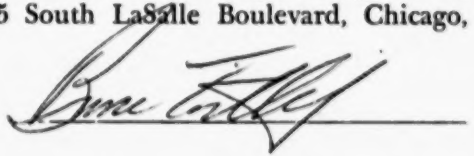
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CERTIFICATE OF SERVICE

Service of the foregoing PETITIONER'S REPLY BRIEF IN SUPPORT OF ITS PETITION FOR WRIT OF CERTIORARI was made on Respondent by mailing three (3) copies thereof, first class postage prepaid, on March 25, 1983, to Donald E. Egan, Esq., Cook, Wetzel & Egan, 135 South LaSalle Boulevard, Chicago, Illinois 60603.

A handwritten signature in cursive script, appearing to read "Donald E. Egan", is written over a horizontal line.